

Chapter 738

(Senate Bill 814)

AN ACT concerning

Residential Property – Service Agreement – Defunct Service Providers

FOR the purpose of voiding certain service agreements for residential property entered into before a certain date if the service provider is considered not in good standing with the State Department of Assessments and Taxation on or after a certain date; and generally relating to residential property and service agreements with defunct service providers.

BY repealing and reenacting, without amendments,
 Article – Real Property
 Section 14–901(a) and (d) and 14–903
 Annotated Code of Maryland
 (2023 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
 Article – Real Property
 Section 14–902(a)
 Annotated Code of Maryland
 (2023 Replacement Volume and 2025 Supplement)

BY adding to
 Article – Real Property
 Section 14–903.1
 Annotated Code of Maryland
 (2023 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Real Property

14–901.

(a) In this subtitle the following words have the meanings indicated.

(d) (1) “Service agreement” means an agreement where a service provider agrees to provide an individual services for:

(i) The maintenance of residential property that the individual owns; or

(ii) The purchase or sale of residential property.

(2) “Service agreement” includes any memorandum, notice, agreement, or similar document that is used by a service provider to cause a service agreement to be recorded.

14–902.

(a) **[This] EXCEPT AS PROVIDED IN § 14–903.1 OF THIS SUBTITLE, THIS subtitle applies only to a service agreement entered into on or after June 1, 2023.**

14–903.

A service agreement, or any part of a service agreement, may not:

(1) Be effective for more than 1 year; or

(2) (i) Purport to run with the land or bind subsequent bona fide purchasers;

(ii) Purport to create a lien, encumbrance, or security interest on the residential property of a party to the service agreement; or

(iii) Allow the service provider to assign or transfer the right to provide services under the service agreement to another person without notice or the consent of a party to the service agreement.

14–903.1.

(A) THIS SECTION APPLIES ONLY TO A SERVICE AGREEMENT WITH A SERVICE PROVIDER THAT HAS FORFEITED THE RIGHT OF THE SERVICE PROVIDER TO CONDUCT BUSINESS IN THE STATE AND, ON OR AFTER JUNE 1, 2026, IS DEFUNCT AND CONSIDERED NOT IN GOOD STANDING WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(B) A SERVICE AGREEMENT, OR ANY PART OF A SERVICE AGREEMENT, ENTERED INTO BEFORE JUNE 1, 2023, MAY NOT:

(1) BE EFFECTIVE FOR MORE THAN 2 YEARS; OR

(2) (i) PURPORT TO RUN WITH THE LAND OR BIND SUBSEQUENT BONA FIDE PURCHASERS;

(II) PURPORT TO CREATE A LIEN, ENCUMBRANCE, OR SECURITY INTEREST ON THE RESIDENTIAL PROPERTY OF A PARTY TO THE SERVICE AGREEMENT; OR

(III) ALLOW THE SERVICE PROVIDER TO ASSIGN OR TRANSFER THE RIGHT TO PROVIDE SERVICES UNDER THE SERVICE AGREEMENT TO ANOTHER PERSON WITHOUT NOTICE OR THE CONSENT OF A PARTY TO THE SERVICE AGREEMENT.

(C) A SERVICE AGREEMENT, OR ANY PART OF A SERVICE AGREEMENT, THAT VIOLATES SUBSECTION (B) OF THIS SECTION SHALL BE CONSIDERED VOID AND UNENFORCEABLE.

(D) (1) IF A SERVICE AGREEMENT THAT VIOLATES SUBSECTION (B) OF THIS SECTION IS RECORDED, ANY PERSON WITH AN INTEREST IN THE RESIDENTIAL PROPERTY THAT IS SUBJECT TO A LIEN ARISING FROM THE SERVICE AGREEMENT MAY BRING AN ACTION AGAINST THE SERVICE PROVIDER IN THE CIRCUIT COURT OF THE COUNTY WHERE THE RESIDENTIAL PROPERTY IS LOCATED TO REQUEST A DETERMINATION THAT THE SERVICE AGREEMENT IS VOID AND UNENFORCEABLE UNDER THIS SUBTITLE.

(2) A PERSON WHO BRINGS AN ACTION UNDER THIS SUBSECTION MAY SEEK:

(I) COMPENSATORY DAMAGES; AND

(II) REASONABLE ATTORNEY'S FEES AND COSTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2026.

Approved by the Governor, May 26, 2026.